

Message Text

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71

ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 DODE-00 PM-07 H-03 L-03 NSC-10

PA-03 PRS-01 SS-15 USIA-15 CEA-02 STR-08 RSR-01 /167 W
----- 031792

R 231843Z JUL 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6462

INFO USMISSION BERLIN

AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL ROTTERDAM

AMCONSUL STUTTGART

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS BONN 10491

ALSO PASS COMMERCE, TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: BEXP, EFIN, GW, US

SUBJECT: INVEST IN USA: HANDELSBLATT ON TAKEOVERS

REF: BONN 9232 NOTAL

1. HANDELSBLATT FOR JULY 23 IN FRONT PAGE LEAD ARTICLE
RETURNS TO INVEST IN USA THEME UNDER HEADLINE "NO RED
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CARPET FOR FOREIGN INVESTORS IN THE USA -- GROWING FEAR

OF TOO MUCH FOREIGN CAPITAL."

2. DESPITE ALARMIST TONE OF HEADLINE AND FIRST FEW PARAGRAPHS OF ARTICLE WHICH APPEAR TO BE BASED PRIMARILY ON BANKING SOURCES, THE TONE SOON SHIFTS TO MORE OF A PRIMER ON "DO'S AND DON'TS OF ACQUIRING AMERICAN FIRMS."

3. ARTICLE POINTS OUT THAT "UNFRIENDLY" TAKEOVERS ARE NOT WELCOME WHILE THEIR OPPOSITE NUMBER WITH ADEQUATE PREPARATION HAVE BEEN SUCCESSFUL. MENTION IS MADE OF THE NECESSITY OF UNDERSTANDING AMERICAN MANAGEMENT METHODS, EMPLOYEE AND TRADE UNION CONCERNS, AND COMMUNITY ATTITUDES.

4. FURTHER ON IN THE ARTICLE IT IS ACKNOWLEDGED THAT THE NUMBER OF GERMAN TAKEOVERS AND ACQUISITIONS IN THE USA HAS BEEN SMALL ALTHOUGH SLIPPING PARITY RATES SHOULD BRING MORE IN THE FUTURE. AS AN EXAMPLE OF A SUCCESSFUL ACQUISITION WYANDOTTE BY BASF IS MENTIONED. AS EXAMPLES OF COMPANIES OVERCOMING INITIAL DIFFICULTIES WITH THE LABOR UNIONS, KORFF AND BURDA ARE MENTIONED.

5. CONCLUDING PARAGRAPHS OF ARTICLE ARE DEFINITELY POSITIVE AND INCLUDE ADMONITIONS TO STUDY THE AMERICAN SCENE CAREFULLY BEFORE MAKING AN INVESTMENT DECISION, TAKE INTO ACCOUNT THE ANTITRUST AND OTHER ASPECTS OF AMERICAN LAW AND IN GENERAL "WHEN IN ROME DO AS THE ROMANS DO". WALL STREET IS QUOTED IN BOTH THE NEGATIVE AND POSITIVE WITH THE PRESIDENT OF THE NEW YORK STOCK EXCHANGE EXPRESSING CONCERN ABOUT CHEAP SHARE PRICES FACILITATING TAKEOVERS AND AN UNIDENTIFIED WALL STREET BANKER SAYING "THESE FOREIGNERS HAVE THE RIGHT TO PURCHASE US AND THE RIGHT TO BE HERE."
HILLENBRAND

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